

NEW APPLICATION



0000074336

**AMERICAN REALTY &
MORTGAGE CO., INC.**
P.O. BOX 232, WITTMANN, AZ 85361
623-388-2949 OR 623-388-0500
FAX 623-388-2413

July 5, 2007

Arizona Corporation Commission
Utilities Division
1200 West Washington Street
Phoenix, AZ 85007 **W-02258A-07-0414**

ORIGINAL
Arizona Corporation Commission
DOCKETED

JUL - 6 2007

DOCKETED BY

AZ CORP COMMISSION
DOCKET CONTROL

2007 JUL - 6 A 11:03

RECEIVED

Attn: Darrin Carlson

Re: Emergency Rate increase request for American Realty & Mortgage Co., Inc.

I

GENERAL CONDITIONS

- A.) The Water Company is very, very tiny, only about 25 – 30 residential meters. The Water Company water rate was set about 30 years ago at about \$1.00 per 1,000 gallons which has almost made the company insolvent or bankrupt. It has incurred losses of about \$100,000.00. The Water Company is unable to pay even the interest of 10% per annum on its promissory notes. (See copies of 2004 and 2005 ACC Annual Utility Reports attached hereto and made a part hereof).
- B.) On May 7, 2007 a previous Water company customer was awarded a judgment of about \$16,000.00 concerning a 6" Water Main Gate Valve Agreement. (about \$10,000.00 actual plus \$6,600 in attorney fees) The Water Company needs to immediately borrow \$16,000.00 more just to avoid the judgment creditor from taking over the Water Company and putting the Water Company out of business. (See copies of Plaintiff Schuhs request for attorney fees of \$6,600.00 and the Maricopa/Stanfield Justice Court Order denying that the Arizona Corporation Commission has exclusive jurisdiction over the 6" Water Main Gate Valve Agreement).
- C.) In addition the Water Company is incurring electric bills in greater amounts than 100% of its revenues monthly or yearly. (See copies 2004 & 2005 Annual Utility reports as noted in A. above). Also, the Water Company has had to borrow monies to pay its May and June electric bills and will have to borrow money to pay the upcoming July electric bill to avoid APS turning off the electric to the Well, as they did about Five (5) months ago. (See attached APS Billing Statement)

- D.) The Water Company has only One (1) small 4" Well and only One (1) 10,000 gallon storage tank with 2 small pressure tanks with pumps. For the last few years the water Company has been leasing a backup well with a 10,000 gallon storage tank. However, the Water Company failed to pay even a single payment on its promissory notes for over 3 years. Therefore, the backup well lease was terminated around last September 2006.

II

- A.) In 2005 the Water Company averaged 314,000 gallons per month pumped from two (2) Wells. Therefore, the Water Company strongly feels that at any moment the water storage tank and 6" main will go dry and all customers will be totally without water. Again, there are no monies with which to pay for any bottled water or to haul any water.
- B.) There is no other water company with a reasonable rate to obtain water from for several square miles. Nor are there any monies to purchase any backup supply. A neighbor, David Rios, who is also a water customer, recently looked into purchasing water from a Standpipe System in Stanfield, about 15 miles away. And was quoted a high rate of \$ 4.00 & \$ 5.00 per three hundred (300) gallons for just the water. Then there will be charges of either renting a water truck or trailer and paying someone to haul the water which is very cost prohibitive. Also, a company called NOW Technologies will haul water in our area at a rate of \$75.00 per 1,000 gallons (this includes the water) and another company that will haul in the water for \$150.00 per thousand. One other stand pipe system will sell water at a rate of \$4.00 per 300 gallons but you must purchase a certificate for water from them and pay \$1,500.00 for that certificate. (See statement of Vicky Antrim, assistant to Secretary/Treasurer of the Water Company, in addition, Vicky Antrim has found no backup source of water or haulers that will service the Water company located near the West Pinal County-Maricopa County boundary, about 15 miles southwest of Maricopa, Arizona. When she called Culligan Water to obtain information and pricing on having 5 gallon bottles of water delivered in 5,000 gallon and 10,000 gallon amounts for emergency use the agent scoffed and laughed at her and never even quoted a price.

COVER SHEET

- a.) See above General Conditions.
- b./c.) Water company needs an emergency rate increase to at least \$40.00 per 1,000 gallons of water used or approximately \$9,500.00 per month to emergency and monthly operating expenses.
- d.) New emergency rate to begin with the August 2007 billing statements.
- e./f.) About 4,000 feet of the Water Company's only 6" main line is over 30 years old and needs to be replaced. Further, the Water Company needs four (4) 6" main gate valves to keep from losing all water if the 6" main line in case of a leak. A preliminary estimate

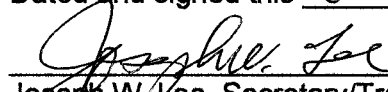
for the 4,000 feet of 6" main line, 6" Gate Valves, fire hydrants, labor, etc. was given by Terry Adams of Sedona West Pipe Company of \$125,000.00 plus an additional \$40,000.00 for a 2nd 10,000 gallon storage tank with pressure tanks and pumps. That is a total of \$165,000.00 for immediate repairs. (a new backup well is not included in the above figures)

OTHER MONIES NEEDED:

1. Testing of water for contaminants;
2. Treatment of water for Nitrates;
3. As required a Certified Water Operator
4. Water quality testing;
5. Accounting and billing services;
6. Water company indebtedness (does not include \$16,000.00 recent Judgment);
7. Monthly on going electric bills;
8. Money for emergency bottled drinking water;
9. Money for emergency water hauled in;
10. Money for real & personal property taxes for 2005 & 2006

Therefore, the Water Company, American Realty & Mortgage Co., Inc. requests an immediate emergency rate increase to at least \$40.00 per thousand gallons or more to begin by the August 2007 billing.

Dated and signed this 5th day of July, 2007.



Joseph W. Lee, Secretary/Treasurer
for American Realty & Mortgage Co, Inc.

ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY

W-02258A
American Realty and Mortgage Co., Inc.
PO Box 232
Wittman, AZ 85361

ANNUAL REPORT

FOR YEAR ENDING

12	31	2005
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FOR COMMISSION USE

ANN04	05
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4/1/06
JWL + [unclear] [unclear]
Copy to H-2 S...

COMPANY INFORMATION

Company Name (Business Name) <u>American Realty and Mortgage Co., Inc.</u>			
Mailing Address <u>P.O. Box 232</u>			
<u>W. H. Mann</u> (City)	<u>A2</u> (State)	<u>85361</u> (Zip)	
<u>623-388-2949</u> Telephone No. (Include Area Code)	<u>623-388-2413</u> Fax No. (Include Area Code)	 Pager/Cell No. (Include Area Code)	
Email Address _____			
Local Office Mailing Address <u>P.O. Box 640</u>			
<u>W. H. Mann</u> (City)	<u>A2</u> (State)	<u>85361</u> (Zip)	
<u>623-388-2949</u> Local Office Telephone No. (Include Area Code)	 Fax No. (Include Area Code)	 Pager/Cell No. (Include Area Code)	
Email Address _____			

MANAGEMENT INFORMATION

Management Contact: <u>(Sec.) Joseph Wilcox</u> <u>Secretary</u>			
<u>P.O. Box</u> (Street)	<u>640</u> (City)	<u>W. H. Mann</u> (State)	<u>85361</u> (Zip)
<u>623-388-2949</u> Telephone No. (Include Area Code)	<u>623-388-2413</u> Fax No. (Include Area Code)	 Pager/Cell No. (Include Area Code)	
Email Address _____			
On Site Manager: <u>V. A.</u>			
 (Street)	 (City)	 (State)	 (Zip)
 Telephone No. (Include Area Code)	 Fax No. (Include Area Code)	 Pager/Cell No. (Include Area Code)	
Email Address _____			

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

Statutory Agent:

Attorney Joseph W. Lee

(Name)

P.O. Box 640

(Street)

Wittmann

(City)

Az

(State)

85361

(Zip)

623-388-2949

Telephone No. (Include Area Code)

623-388-2413

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Attorney:

Joseph W. Lee

(Name)

P.O. Box

(Street)

640 Wittmann

(City)

Az

(State)

85361

(Zip)

623-388-2949

Telephone No. (Include Area Code)

623-388-2413

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

OWNERSHIP INFORMATION

Check the following box that applies to your company:

☐ Sole Proprietor (S)

☐ C Corporation (C) (Other than Association/Co-op)

☐ Partnership (P)

☐ Subchapter S Corporation (Z)

☐ Bankruptcy (B)

☐ Association/Co-op (A)

☐ Receivership (R)

☐ Limited Liability Company

☐ Other (Describe)

Az Corporation

COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

☐ APACHE

☐ COCHISE

☐ COCONINO

☐ GILA

☐ GRAHAM

☐ GREENLEE

☐ LA PAZ

☐ MARICOPA

☐ MOHAVE

☐ NAVAJO

☐ PIMA

☒ PINAL

☐ SANTA CRUZ

☐ YAVAPAI

☐ YUMA

☐ STATEWIDE

COMPANY NAME American Realty & Mortgage Co., Inc

UTILITY PLANT IN SERVICE

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D. (OC less AD)
301	Organization			
302	Franchises			
303	Land and Land Rights	500		
304	Structures and Improvements	29,294	29,286	6
307	Wells and Springs -- 57/100	2		
311	Pumping Equipment -- 2			
320	Water Treatment Equipment			
330	Distribution Reservoirs and Standpipes			
331	Transmission ^{Deprec 100/yr} and Distribution Mains	10,100	8,176	1,930
333	Services			
334	Meters and Meter Installations			
335	Hydrants			
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment			
341	Transportation Equipment			
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant	100		100
	TOTALS	39,994	37,456	2,036

This amount goes on the Balance Sheet Acct. No. 108

COMPANY NAME

American Realty & Mort. Co., Inc.

CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR

See Depreciation p. 5

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1x2)
301	Organization			
302	Franchises			
303	Land and Land Rights	500	— 0 —	— 0 —
304	Structures and Improvements			
307	Wells and Springs			
311	Pumping Equipment			
320	Water Treatment Equipment			
330	Distribution Reservoirs and Standpipes			
331	Transmission and Distribution Mains			
333	Services			
334	Meters and Meter Installations			
335	Hydrants			
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment			
341	Transportation Equipment			
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant	100	— 0 —	— 0 —
	TOTALS	600	— 0 —	8339

This amount goes on the Comparative Statement of Income and Expense
Acct. No. 403.

COMPANY NAME

American Realty & Mort. Co., Inc.

BALANCE SHEET

Acct No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	ASSETS		
	CURRENT AND ACCRUED ASSETS		
131	Cash	\$ 165	\$ 1,798
134	Working Funds		
135	Temporary Cash Investments		
141	Customer Accounts Receivable		
146	Notes/Receivables from Associated Companies		
151	Plant Material and Supplies		
162	Prepayments		
174	Miscellaneous Current and Accrued Assets		
	TOTAL CURRENT AND ACCRUED ASSETS	\$ 165	\$ 1,798
	FIXED ASSETS		
101	Utility Plant in Service	\$ 39,994 ^{4/6}	\$ 39,994 ^{4/6}
103	Property Held for Future Use		
105	Construction Work in Progress		
108	Accumulated Depreciation - Utility Plant	31,606	37,456
121	Non-Utility Property		
122	Accumulated Depreciation - Non Utility		
	TOTAL FIXED ASSETS	\$ 8,389	\$ 2,036
	122		
	TOTAL ASSETS	\$ 8,554	\$ 3,834

NOTE: The Assets on this page should be equal to **Total Liabilities and Capital** on the following page.

COMPANY NAME American Realty & Mort. Co., Inc**BALANCE SHEET (CONTINUED)**

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	LIABILITIES		
	CURRENT LIABILITIES		
231	Accounts Payable <i>+ 10% Int</i>	\$ 68,826	\$ 75,708
232	Notes Payable (Current Portion)		
234	Notes/Accounts Payable to Associated Companies		
235	Customer Deposits		
236	Accrued Taxes		
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities		
	TOTAL CURRENT LIABILITIES	\$ 68,826	\$ 75,708
	LONG-TERM DEBT (Over 12 Months)		
224	Long-Term Notes and Bonds	\$	\$
	DEFERRED CREDITS		
251	Unamortized Premium on Debt	\$	\$
252	Advances in Aid of Construction		
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction		
272	Less: Amortization of Contributions		
281	Accumulated Deferred Income Tax		
	TOTAL DEFERRED CREDITS	\$	\$
	TOTAL LIABILITIES	\$ 68,826	\$ 75,708
	CAPITAL ACCOUNTS		
201	Common Stock Issued	\$ 36,250	\$ 36,250
211	Paid in Capital in Excess of Par Value	<i><-32,526></i>	<i><-39,458></i>
215	Retained Earnings		
218	Proprietary Capital (Sole Props and Partnerships)		
	TOTAL CAPITAL	\$	\$ 65,708
	TOTAL LIABILITIES AND CAPITAL	\$ <i><195,076></i>	\$ <i><111,958></i>

COMPANY NAME American Realty & Mort. Co., Inc

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 2545	\$ 5823
460	Unmetered Water Revenue		
474	Other Water Revenues		
	TOTAL REVENUES	\$ 2545	\$ 5823
	OPERATING EXPENSES		
601	Salaries and Wages <u>Bookkeeping</u>	\$ 1,094	\$ 2,850
610	Purchased Water <u>Lease H-12 Well</u>	2,400	2,400
615	Purchased Power	3,288	4,830
618	Chemicals <u>Bank Fees</u>	84	84
620	Repairs and Maintenance	626	453
621	Office Supplies and Expense <u>-Rent overhead</u>	5,049	5,049
630	Outside Services		
635	Water Testing	618	145
641	Rents		
650	Transportation Expenses		
657	Insurance - General Liability		
659	Insurance - Health and Life		
666	Regulatory Commission Expense - Rate Case		
675	Miscellaneous Expense <u>Legal & Secretarial</u>	2,400	2,400
403	Depreciation Expense <u>Accumulated</u>	31,606	37,456
408	Taxes Other Than Income <u>Sales 387 + Env 23</u>	313	410
408.11	Property Taxes	0	1,593
409	Income Tax	-0-	-0-
	TOTAL OPERATING EXPENSES	\$ 47,478	\$ 57,670
	OPERATING LOSS/(LOSS)	<\$44,933>	<\$51,847>
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$ —	\$
421	Non-Utility Income	—	
426	Miscellaneous Non-Utility Expenses	—	
427	Interest Expense <u>Accumulated</u>	-21,824	-34,141
	TOTAL OTHER LOSS/(EXPENSE)	\$ -21,824	\$ -34,141
	NET LOSS/(LOSS)	<\$-66,757>	<\$-85,988>

COMPANY NAME

American Realty & Mort. Co., Inc

SUPPLEMENTAL FINANCIAL DATA**Long-Term Debt**

	LOAN #1	LOAN #2	LOAN #3	LOAN #4
Date Issued				
Source of Loan				
ACC Decision No.				
Reason for Loan				
Dollar Amount Issued	\$ X	\$	\$	\$
Amount Outstanding	\$	\$	\$	\$
Date of Maturity				
Interest Rate	%	%	%	%
Current Year Interest	\$	\$	\$	\$
Current Year Principle	\$	\$	\$	\$

Meter Deposit Balance at Test Year End

\$

Meter Deposits Refunded During the Test Year

\$

COMPANY NAME American Realty & Mort. Co., Inc.

WATER COMPANY PLANT DESCRIPTION

WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
55-803960	5			4"	3/4"	1963

* Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)
Leased well + Equipment		8200/Month

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
10,000	1		1
5,000	1		1

COMPANY NAME American Realty & Mort. Co., Inc

WATER COMPANY PLANT DESCRIPTION (CONTINUED)

MAINS

Size (in inches)	Material	Length (in feet)
2		
3		
4		
5		
6	Plastic	2600' Approx
8		
10		
12		

CUSTOMER METERS

Size (in inches)	Quantity
5/8 X 3/4	
3/4	30
1	
1 1/2	
2	
Comp. 3	
Turbo 3	
Comp. 4	
Tubo 4	
Comp. 6	
Tubo 6	

For the following three items, list the utility owned assets in each category.

TREATMENT EQUIPMENT:

STRUCTURES:

OTHER:

COMPANY NAME: American Realty & Mortgage Co., Inc

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2005

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD	GALLON PUMPED (Thousands)
JANUARY	22	—	75,385
FEBRUARY	22	—	134,871
MARCH	24	—	212,209
APRIL	23	—	185,492
MAY	24	—	341,635
JUNE	24	—	296,285
JULY	25	141,812	606,578
AUGUST	24	1,109,973	547,175
SEPTEMBER	26	—	270,781
OCTOBER	26	437,835	451,778
NOVEMBER	26	1,158,685	323,875
DECEMBER	25	—	275,208
TOTAL		2,848,305	3,771,250

Is the Water Utility located in an ADWR Active Management Area (AMA)?

☒ Yes

☐ No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?

☐ Yes

☐ No I Do Not Know

If yes, provide the GPCPD amount: _____

What is the level of arsenic for each well on your system. 0.002 mg/l
(If more than one well, please list each separately.)

Note: If you are filing for more than one system, please provide separate data sheets for each system.

COMPANY NAME American Realty & Mort Co., Inc. YEAR ENDING 12/31/2005

PROPERTY TAXES

Amount of actual property taxes paid during Calendar Year 2005 was: \$ 1593

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why. _____

**VERIFICATION
AND
SWORN STATEMENT**
Taxes

VERIFICATION

STATE OF ARIZONA
I, THE UNDERSIGNED
OF THE

COUNTY OF (COUNTY NAME)
<u>maricopa</u>
NAME (OWNER OR OFFICIAL) TITLE
<u>Joseph W. Lee, Sec/Treas.</u>
COMPANY NAME
<u>AMERICAN Realty & Mort. Co., Inc.</u>

DO SAY THAT THIS ANNUAL UTILITY PROPERTY TAX AND SALES TAX REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
<u>12</u>	<u>31</u>	<u>2005</u>

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

I HEREBY ATTEST THAT ALL PROPERTY TAXES FOR SAID COMPANY ARE ^{not} CURRENT AND PAID IN FULL.

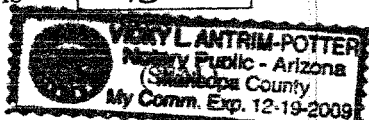
I HEREBY ATTEST THAT ALL SALES TAXES FOR SAID COMPANY ARE ^{not} CURRENT AND PAID IN FULL.

Joseph W. Lee, Secretary
SIGNATURE OF OWNER OR OFFICIAL
623-388-2949
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS 15th DAY OF



COUNTY NAME	
<u>maricopa</u>	
MONTH <u>September</u>	<u>2006</u>

Vicky L. Antrim-Potter
SIGNATURE OF NOTARY PUBLIC

MY COMMISSION EXPIRES Dec. 19, 2009

COMPANY NAME _____

YEAR ENDING 12/31/2005

INCOME TAXES

For this reporting period, provide the following:

Federal Taxable Income Reported _____

Estimated or Actual Federal Tax Liability _____

State Taxable Income Reported _____

Estimated or Actual State Tax Liability _____

Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances _____

Amount of Gross-Up Tax Collected _____

Total Grossed-Up Contributions/Advances _____

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

CERTIFICATION

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.

SIGNATURE

DATE

PRINTED NAME

TITLE

**VERIFICATION
AND
SWORN STATEMENT**
Intrastate Revenues Only

VERIFICATION

STATE OF _____

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME)
NAME (OWNER OR OFFICIAL) TITLE
COMPANY NAME

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2005

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2005 WAS:

Arizona Intrastate Gross Operating Revenues Only (\$)

\$ _____

(THE AMOUNT IN BOX ABOVE
INCLUDES \$ _____
IN SALES TAXES BILLED, OR COLLECTED)

****REVENUE REPORTED ON THIS PAGE MUST
INCLUDE SALES TAXES BILLED OR
COLLECTED. IF FOR ANY OTHER REASON,
THE REVENUE REPORTED ABOVE DOES NOT
AGREE WITH TOTAL OPERATING REVENUES
ELSEWHERE REPORTED, ATTACH THOSE
STATEMENTS THAT RECONCILE THE
DIFFERENCE. (EXPLAIN IN DETAIL)**

SIGNATURE OF OWNER OR OFFICIAL _____

TELEPHONE NUMBER _____

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

--

DAY OF

COUNTY NAME	
MONTH	.20__

(SEAL)

SIGNATURE OF NOTARY PUBLIC _____

MY COMMISSION EXPIRES _____

**VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE
INTRASTATE REVENUES ONLY**

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME)	Maricopa	
NAME (OWNER OR OFFICIAL)	Joseph W. Lee	TITLE Sec/Treas
COMPANY NAME	American Realty & Mgt. Co., Inc.	

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2005

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2005 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES
\$ 55,237.12

(THE AMOUNT IN BOX AT LEFT
INCLUDES \$ 410
IN SALES TAXES BILLED, OR COLLECTED)

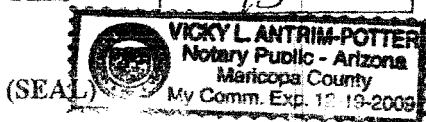
*RESIDENTIAL REVENUE REPORTED ON THIS PAGE
MUST INCLUDE SALES TAXES BILLED.

Joseph W. Lee
SIGNATURE OF OWNER OR OFFICIAL
623-388-2949
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS 15th **DAY OF**



MY COMMISSION EXPIRES

12-19-09

NOTARY PUBLIC NAME	
Vicky L. Antrim-Potter	
COUNTY NAME	
Maricopa	
MONTH	2006
September	

X *[Signature]*
SIGNATURE OF NOTARY PUBLIC

ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY

W-02258A
American Realty and Mortgage Co., Inc.
P.O. Box 232
Wittman AZ 85361

NOV 04 2005

ANNUAL REPORT

FOR YEAR ENDING

12	31	2004
----	----	------

FOR COMMISSION USE

ANN04	04
-------	----

COMPANY INFORMATION

Company Name (Business Name) American Realty & Mortgage Co., Inc.

Mailing Address P.O. Box 232

Wittmann, Arizona 85361
(City) (State) (Zip)

623-388-2949
Telephone No. (Include Area Code)

623-388-2413
Fax No. (Include Area Code)

602-885-4484
Pager/Cell No. (Include Area Code)

Email Address _____

Local Office Mailing Address Same as above
(Street)

(City)

(State)

(Zip)

Same as above
Local Office Telephone No. (Include Area Code) Fax No. (Include Area Code) Pager/Cell No. (Include Area Code)

Email Address _____

MANAGEMENT INFORMATION

Management Contact: Joseph W. Lee, Secretary/Treasurer
(Name) (Title)

32241 Center St, P.O. Box 610 Wittmann, AZ 85361
(Street) (City) (State) (Zip)

623-388-2949
Telephone No. (Include Area Code)

623-388-2413
Fax No. (Include Area Code)

602-885-4484
Pager/Cell No. (Include Area Code)

Email Address jwlatty@hotmail.com

On Site Manager: N/A
(Name)

(Street)

(City)

(State)

(Zip)

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Email Address _____

☒ Please mark this box if the above address(es) have changed or are updated since the last filing.

Statutory Agent: Joseph W. Lee, Attorney at Law
 (Name)
P.O. Box 640-32241 Center St Wittmann, AZ 85361
 (Street) (City) (State) (Zip)
623-388-2949 623-388-2413 602-885-4484
 Telephone No. (Include Area Code) Fax No. (Include Area Code) Pager/Cell No. (Include Area Code)
 Attorney: Same as above
 (Name)

 (Street) (City) (State) (Zip)

 Telephone No. (Include Area Code) Fax No. (Include Area Code) Pager/Cell No. (Include Area Code)

☒ Please mark this box if the above address(es) have changed or are updated since the last filing.

OWNERSHIP INFORMATION

Check the following box that applies to your company:

- | | |
|---|--|
| <input type="checkbox"/> Sole Proprietor (S) | <input checked="" type="checkbox"/> C Corporation (C) (Other than Association/Co-op) |
| <input type="checkbox"/> Partnership (P) | <input type="checkbox"/> Subchapter S Corporation (Z) |
| <input type="checkbox"/> Bankruptcy (B) | <input type="checkbox"/> Association/Co-op (A) |
| <input type="checkbox"/> Receivership (R) | <input type="checkbox"/> Limited Liability Company |
| <input type="checkbox"/> Other (Describe) _____ | |

COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

- | | | |
|-------------------------------------|-----------------------------------|---|
| <input type="checkbox"/> APACHE | <input type="checkbox"/> COCHISE | <input type="checkbox"/> COCONINO |
| <input type="checkbox"/> GILA | <input type="checkbox"/> GRAHAM | <input type="checkbox"/> GREENLEE |
| <input type="checkbox"/> LA PAZ | <input type="checkbox"/> MARICOPA | <input type="checkbox"/> MOHAVE |
| <input type="checkbox"/> NAVAJO | <input type="checkbox"/> PIMA | <input checked="" type="checkbox"/> PINAL |
| <input type="checkbox"/> SANTA CRUZ | <input type="checkbox"/> YAVAPAI | <input type="checkbox"/> YUMA |
| <input type="checkbox"/> STATEWIDE | | |

COMPANY NAME

American Realty & Mortgage Co., Inc.

UTILITY PLANT IN SERVICE

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D. (OC less AD)
301	Organization			
302	Franchises			
303	Land and Land Rights	500. ⁰⁰		500
304	Structures and Improvements	29294. ⁰⁰	24446	4,840
307	Wells and Springs	2		
311	Pumping Equipment	2		
320	Water Treatment Equipment			
330	Distribution Reservoirs and Standpipes	1		
331	Transmission and Distribution Mains 1000/yr	10,100. ⁰⁰	7160	2,840
333	Services			
334	Meters and Meter Installations			
335	Hydrants			
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment & Leased Well site			
340	Office Furniture and Equipment			
341	Transportation Equipment			
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant	100. ⁰⁰		100 ⁻
	TOTALS	39,994	31,606	8,280

This amount goes on the Balance Sheet Acct. No. 108

COMPANY NAME

American Realty & Mortgage Co., Inc

CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1x2)
301	Organization			
302	Franchises			
303	Land and Land Rights	500	—	
304	Structures and Improvements	29,294	24,446	4,840
307	Wells and Springs — Sites	2		
311	Pumping Equipment — Sites	2		
320	Water Treatment Equipment			
330	Distribution Reservoirs and Standpipes			
331	Transmission and Distribution Mains	10,100	7,160	3949
333	Services			
334	Meters and Meter Installations			
335	Hydrants			
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment			
341	Transportation Equipment			
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant	100		100
	TOTALS	39,994	31,606	8389

This amount goes on the Comparative Statement of Income and Expense
Acct. No. 403.

COMPANY NAME American Realty & Mortgage Co., Inc

BALANCE SHEET

Acct No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	ASSETS		
	CURRENT AND ACCRUED ASSETS		
131	Cash	\$ 164. ⁰⁰	\$ 165.-
134	Working Funds		
135	Temporary Cash Investments		
141	Customer Accounts Receivable		
146	Notes/Receivables from Associated Companies		
151	Plant Material and Supplies		
162	Prepayments		
174	Miscellaneous Current and Accrued Assets		
	TOTAL CURRENT AND ACCRUED ASSETS	\$ 164. ⁰⁰	\$ 165.-
	FIXED ASSETS		
101	Utility Plant in Service	\$ 39,994. ⁰⁰	\$ 39,994
103	Property Held for Future Use		
105	Construction Work in Progress		
108	Accumulated Depreciation - Utility Plant	29,496. ⁰⁰	31,606
121	Non-Utility Property		
122	Accumulated Depreciation - Non Utility		
	TOTAL FIXED ASSETS	\$ 10,498. ⁰⁰	\$ 7,780
	TOTAL ASSETS	\$ 10,662. ⁰⁰	\$ 7,945

NOTE: The Assets on this page should be equal to Total Liabilities and Capital on the following page.

COMPANY NAME

American Realty & Mortgage Co., Inc.

BALANCE SHEET (CONTINUED)

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	LIABILITIES		
	CURRENT LIABILITIES		
231	Accounts Payable + Int 10%	\$ 62,569. ⁰⁰	\$ 68,826
232	Notes Payable (Current Portion)		
234	Notes/Accounts Payable to Associated Companies		
235	Customer Deposits		
236	Accrued Taxes		
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities		
	TOTAL CURRENT LIABILITIES	\$ 62,569. ⁰⁰	\$ 68,826
	LONG-TERM DEBT (Over 12 Months)		
224	Long-Term Notes and Bonds	\$ —	\$ —
	DEFERRED CREDITS		
251	Unamortized Premium on Debt	\$ —	\$ —
252	Advances in Aid of Construction		
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction		
272	Less: Amortization of Contributions		
281	Accumulated Deferred Income Tax		
	TOTAL DEFERRED CREDITS	\$ —	\$ —
	TOTAL LIABILITIES	\$ 62,569. ⁰⁰	\$ 68,826
	CAPITAL ACCOUNTS		
201	Common Stock Issued	\$ 36,250. ⁰⁰	\$ 36,250
211	Paid in Capital in Excess of Par Value	-65,735	
215	Retained Earnings		
218	Proprietary Capital (Sole Props and Partnerships)		
	TOTAL CAPITAL	\$ 29,485	\$
	TOTAL LIABILITIES AND CAPITAL	\$ 70,569	\$ 95,076

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 4407. ⁰⁰	\$ 2,545
460	Unmetered Water Revenue		
474	Other Water Revenues <i>Turn out off fees</i>	40. ⁰⁰	
	TOTAL REVENUES	\$ 4447. ⁰⁰	\$ 2,545
	OPERATING EXPENSES		
601	Salaries and Wages <i>Bookkeeping</i>	\$ 1,200. ⁰⁰	\$ 1,094
610	Purchased Water <i>Lease H-12 Well site</i>	2,400. ⁰⁰	2,400
615	Purchased Power <i>APS</i>	4,834. ⁰⁰	3,288
618	Chemicals <i>Bank fees</i>	89. ⁰⁰	84
620	Repairs and Maintenance	3258. ⁰⁰	626
621	Office Supplies and Expense <i>-Rent - overhead</i>	5153. ⁰⁰	5049
630	Outside Services		
635	Water Testing	471. ⁰⁰	618
641	Rents		
650	Transportation Expenses		
657	Insurance - General Liability		
659	Insurance - Health and Life		
666	Regulatory Commission Expense - Rate Case		
675	Miscellaneous Expense <i>Legal & Sec/Trn. Fees</i>	2,400. ⁰⁰	2,400
403	Depreciation Expense	29,496. ⁰⁰	31,606
408	Taxes Other Than Income <i>sales/Environmental</i>	243. ⁰⁰	313
408.11	Property Taxes		
409	Income Tax	200. ⁰⁰	
	TOTAL OPERATING EXPENSES	\$ 49744. ⁰⁰	\$ 47,478.-
	OPERATING INCOME/(LOSS)	\$ <45,297. ⁰⁰ >	\$ <44,933>
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$	\$ -
421	Non-Utility Income		-
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense	-15,568. ⁰⁰	-21,824
	TOTAL OTHER INCOME/(EXPENSE)	\$ -15,568. ⁰⁰	\$ -21,824
	NET INCOME/(LOSS)	\$ <-60,865. ⁰⁰ >	\$ <-66,757>

COMPANY NAME American Realty & Mortgage Co., Inc.

SUPPLEMENTAL FINANCIAL DATA

Long-Term Debt

	LOAN #1	LOAN #2	LOAN #3	LOAN #4
Date Issued				
Source of Loan				
ACC Decision No.				
Reason for Loan				
Dollar Amount Issued	\$	\$	\$	\$
Amount Outstanding	\$	\$	\$	\$
Date of Maturity				
Interest Rate	%	%	%	%
Current Year Interest	\$	\$	\$	\$
Current Year Principle	\$	\$	\$	\$

Meter Deposit Balance at Test Year End

\$ _____

Meter Deposits Refunded During the Test Year

\$ _____

COMPANY NAME American Realty & Mortgage Co., Inc

WATER COMPANY PLANT DESCRIPTION

WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
55-803960	5			4"	3/4"	1963

* Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)
Leased Well & Equipment		200 ⁰⁰ per month

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
		-C-	

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
10,000	1		2
5,000	1		2

WATER COMPANY PLANT DESCRIPTION (CONTINUED)

MAINS

Size (in inches)	Material	Length (in feet)
2		
3		
4		
5		
6	Plastic	2,600' approx
8		
10		
12		

CUSTOMER METERS

Size (in inches)	Quantity
5/8 X 3/4	
3/4	34
1	
1 1/2	
2	
Comp. 3	
Turbo 3	
Comp. 4	
Tubo 4	
Comp. 6	
Tubo 6	

For the following three items, list the utility owned assets in each category.

TREATMENT EQUIPMENT:

N/A

STRUCTURES:

OTHER:

COMPANY NAME: American Realty & Mortgage Co., Inc.

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2004

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD	GALLON PUMPED (Thousands)
JANUARY		597,160	597,160
FEBRUARY		9,075	9,075
MARCH		84,090	84,090
APRIL		—	—
MAY		—	—
JUNE		196,292	196,292
JULY		135,636	135,636
AUGUST		337,611	337,611
SEPTEMBER		—	—
OCTOBER		—	—
NOVEMBER		—	—
DECEMBER		—	—
TOTAL		—	—

Is the Water Utility located in an ADWR Active Management Area (AMA)?

☒ Yes

☐ No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?

☐ Yes

☒ No

If yes, provide the GPCPD amount: _____

What is the level of arsenic for each well on your system. 0.002 mg/l
(If more than one well, please list each separately.)

Note: If you are filing for more than one system, please provide separate data sheets for each system.

COMPANY NAME American Realty & Mortgage Co Inc YEAR ENDING 12/31/2004

PROPERTY TAXES

Amount of actual property taxes paid during Calendar Year 2004 was: \$ 0

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why. _____

No money!

COMPANY NAME American Realty & Mortgage Co, Inc YEAR ENDING 12/31/2004

INCOME TAXES

For this reporting period, provide the following:

Federal Taxable Income Reported 0
Estimated or Actual Federal Tax Liability 0

State Taxable Income Reported 0
Estimated or Actual State Tax Liability 0

Amount of Grossed-Up Contributions/Advances: N/A

Amount of Contributions/Advances

Amount of Gross-Up Tax Collected

Total Grossed-Up Contributions/Advances

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

CERTIFICATION

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.

Joseph W. Lee
SIGNATURE

11/3/04
DATE

Joseph W. Lee
PRINTED NAME

Sec/Treas
TITLE

**VERIFICATION
AND
SWORN STATEMENT
Intrastate Revenues Only**

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME)
<u>Maricopa</u>
NAME (OWNER OR OFFICIAL) TITLE
<u>Joseph W. Lee - Secretary / Treasurer</u>
COMPANY NAME
<u>American Realty & Mortgage Co., Inc.</u>

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
<u>12</u>	<u>31</u>	<u>2004</u>

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2004 WAS:

Arizona Intrastate Gross Operating Revenues Only (\$)

\$ 2721.00

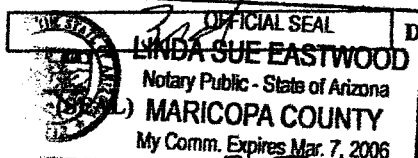
(THE AMOUNT IN BOX ABOVE
INCLUDES \$ 177.00
IN SALES TAXES BILLED, OR COLLECTED)

****REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)**

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS



DAY OF

COUNTY NAME
<u>MARICOPA</u>
MONTH <u>November</u> .20 <u>05</u>

Joseph W. Lee
SIGNATURE OF OWNER OR OFFICIAL
623-388-2949
TELEPHONE NUMBER

Linda Sue Eastwood
SIGNATURE OF NOTARY PUBLIC

MY COMMISSION EXPIRES 3-7-2006

**VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE
INTRASTATE REVENUES ONLY**

VERIFICATION

STATE OF ARIZONA
I, THE UNDERSIGNED
OF THE

COUNTY OF (COUNTY NAME) <u>Maricopa</u>	
NAME (OWNER OR OFFICIAL) <u>Joseph Lee</u>	TITLE <u>Sec</u>
COMPANY NAME <u>American Realty & Mgt Co, Inc</u>	

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION
FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2004

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2004 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES

\$ 2721

(THE AMOUNT IN BOX AT LEFT
INCLUDES \$ 2721 \$ 177
IN SALES TAXES BILLED, OR COLLECTED)

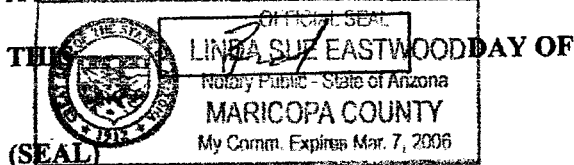
*RESIDENTIAL REVENUE REPORTED ON THIS PAGE
MUST INCLUDE SALES TAXES BILLED.

Joseph Lee Sec
SIGNATURE OF OWNER OR OFFICIAL

TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF



MY COMMISSION EXPIRES 3-7-2006

NOTARY PUBLIC NAME <u>LINDA EASTWOOD</u>	
COUNTY NAME <u>MARICOPA</u>	
MONTH <u>NOVEMBER</u>	<u>2005</u>

Linda Eastwood
SIGNATURE OF NOTARY PUBLIC

FINANCIAL INFORMATION

Attach to this annual report a copy of the companies' year-end (Calendar Year 2004) financial statements. If you do not compile these reports, the Utilities Division will supply you with blank financial statements for completion and filing. **ALL INFORMATION MUST BE ARIZONA-SPECIFIC AND REFLECT OPERATING RESULTS IN ARIZONA.**

Rec'd
6/15/07

David Wm. West, Esq. #001793
LAW OFFICES OF
DAVID WM. WEST, P.C.
11401 North Warren Road
Maricopa, Arizona 85239
(520) 568-2944
Attorney for Plaintiffs

IN THE MARICOPA/STANFIELD JUSTICE COURT # 8
IN AND FOR THE COUNTY OF PINAL

KENNETH H. SCHUH and HENRIETTA
SCHUH, husband and wife,

Plaintiff,
v.

JOSEPH W. LEE and JANE DOE LEE,
husband and wife individually,
and doing business as American
realty and mortgage co., inc.,
d/b/a Hacienda Acres Water
System, an Arizona corporation,

Defendants.

No. CV2006-400 _____

APPLICATION AND AFFIDAVIT RE
DPLAINTIFFS' ATTORNEY FEES

AND

DECLARATION OF DAVID WM. WEST

STATE OF ARIZONA)
) SS
COUNTY OF PINAL)

David Wm. West, being first duly sworn upon his oath,
deposes and saith:

1. That he was sole counsel for Plaintiffs in the
above-captioned action.
2. That he is a member in good standing of the
Arizona State Bar Association since 1965 and has
been engaged in the private practice of law
continuously since that time.

- 1 3. That, in addition to a law degree, he also holds a
2 masters of law from Georgetown University Law
3 Center.
4 4. That his rate is \$200 per hour.
5 5. That his rate is fair and reasonable when compared
6 to the prevailing rates in Pinal County and on
7 Affiant's experience.
8 6. That Affiant incurred 29.1 hours at \$200 per hour,
9 and costs which included a court filing fee of
10 \$65.00 and service of process of \$152.80.
11 7. That Affiant has incurred \$6,037.80 in fees and
12 costs regarding this lawsuit.
13 8. That Plaintiffs are the prevailing party and are
14 entitled to an award of reasonable attorney fees
15 and costs. A.R.S. §12-341 and 341.01.A & B.
16 9. That the above fees and costs were necessary, fair
17 and reasonable.

18 Further Affiant saith not.

19 David Wm. West
20 David Wm. West

21
22
23 SUSCRIBED AND SWORN TO before me this 14 day of June,
24 2007, by David Wm. West.

25 Marisa Anne Claire
26 Notary Public

27 My Commission expires Aug. 5, 2008
28

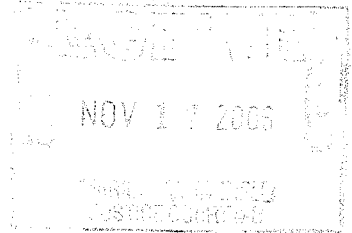


1 Copy of the forgoing mailed
2 this 14th day of June, 2007 to:

3 Joseph W. Lee, Esq.
4 2241 Center Street
5 Wittmann, AZ 85361

6 JOHN W. LEE
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David Wm. West, Esq. #001793
LAW OFFICES OF
DAVID WM. WEST, P.C.
9249 North Deer Trail
Maricopa, Arizona 85239-4917
(520) 568-2944
Attorney for Plaintiffs



IN THE MARICOPA/STANFIELD JUSTICE COURT # 8
IN AND FOR THE COUNTY OF PINAL

KENNETH H. SCHUH and HENRIETTA
SCHUH, husband and wife,

Plaintiff,
v.

JOSEPH W. LEE and JANE DOE LEE, husband
and wife individually, and doing business as
American realty and mortgage co., inc., d/b/a
Hacienda Acres Water System, an Arizona
corporation,

Defendants.

No. CV 2006-400

ORDER

Having considered the arguments of counsel and considered the intent of Article 15,
Section 3, Arizona Constitution regarding the power of the Arizona Corporation
Commission,

IT IS ORDERED that this Court has jurisdiction over the contract disputes between
the parties regarding water service.

ENTERED this 21 day of November, 2006.

Justice of the Peace

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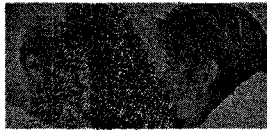
Copy as lodged mailed
this 14th day of November
to:

Joseph W. Lee, Esq.
32241 Center Street
Wittmann, AZ 85361

Richard W. West



THE POWER TO MAKE IT HAPPEN®



Your electricity bill

Bill date: June 22, 2007

Summary of what you owe

Amount owing on your previous bill	\$13.85
Less Payments made through Jun 22	\$0.00
Equals Your balance forward	\$13.85
Plus Late charge (taxes included)	\$0.22
Plus Your new charges (details on following pages)	
Cost of electricity (with taxes and fees)	\$485.96
Equals Total amount due	\$500.03 ✓

Due date: July 6, 2007

7-3-07 ✓ 2202 3d \$900.00

American Realty And Mortgage C

Your account number: 808072283

For service at: T06s R02e S04 NW
Lot 20

Questions?

Call 520-421-8400 or 1-800-253-9405,
24 hours a day

Website: aps.com

Para servicio en español llame al:
602-371-6861 (Phoenix) o
1-800-252-9410 (Otras areas)

ARE YOU ON THE BEST RATE FOR YOUR LIFESTYLE?

At APS, we understand that when it comes to electricity use, one size doesn't fit all. That's why APS now offers five rate plans to fit the different lifestyles and electric use needs of our residential customers. And to help you get the most out of your energy dollar, we've developed an online rate comparison tool that will help you to determine the right plan for you. Visit us at aps.com and look for "Rate Comparison" to help pick the plan that best fits your lifestyle.



THE POWER TO MAKE IT HAPPEN®



Your electricity bill
June 22, 2007

American Realty And Mortgage C

Your account number
808072283

Your service plan: E-32 Rate

Meter number: 752981
Meter reading cycle: 14

Charges for electricity services

Cost of electricity you used

Basic service charge	\$3.13
Delivery service charge	\$130.57
Demand charge - delivery	\$0.00
Environmental benefits surcharge	\$3.45
Competition rules compliance charge	\$1.33
System benefits charge	\$8.40
Power supply adjustment*	\$43.35
Metering*	\$10.01
Meter reading*	\$1.68
Billing*	\$1.86
Generation of electricity*	\$232.58
Transmission and ancillary services*	\$18.78
Cost of electricity you used	\$455.14

Taxes and fees

Regulatory assessment	\$0.73
State sales tax	\$25.53
County sales tax	\$4.56
City sales tax	\$0.00
Franchise fee	\$0.00
Cost of electricity with taxes and fees	\$485.96

Total charges for electricity services \$485.96

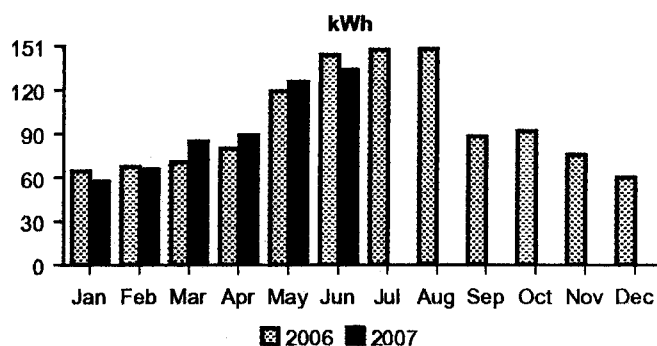
* These services are currently provided by APS but may be provided by a competitive supplier.

Amount of electricity you used

Meter reading on Jun 21	79461
Meter reading on May 23	75515
Total electricity you used, in kWh	3946

Demand meter reading	10.00
Your billed demand in kW	10.0

Average daily electricity use per month



Comparing your monthly use

	This month	Last month	This month last year
Billing days	29	30	33
Average outdoor temperature	83°	76°	84°
Your total use in kWh	3946	3847	4846
Your billed demand in kW	10.0	10.0	10.0
Your average daily cost	\$16.75	\$15.82	\$18.13



**GENERAL AFFIDAVIT OF
VICKY ANTRIM**

STATE OF ARIZONA)
) ss:
County of Maricopa)

Being duly sworn under oath deposes and says:

I, Vicky Antrim, have assisted the Secretary/Treasurer of American Realty & Mortgage Company, Joseph W. Lee, for several years with the utility billing statements and gathering information for annual reports and can hereby verify that the copies attached to the request for emergency rate increase are the reports prepared by Joseph w. Lee, secretary/Treasurer for the years 2004 & 2005. I can further state that when I contacted Culligan Water Company requesting information for emergency water delivery I could not get them to take me seriously and I could not get any information from them whatsoever. However a water customer, David Rios, did contact me with information he had obtained while trying to find an alternative drinking water source in the area. That information is as follows:

STANFIELD AREA

Stand Pipe Water located behind the Texaco is \$4.00 per 300 gallons
Standpipe Water at Peters corners is \$5.00 per 300 gallons

MARICOPA AREA

Stand pipe water with Maricopa Mountain water is \$4.00 per 300 gallons
(only after you purchase a water certificate from them for \$1,500.00)
Standpipe water price is only for the water itself you must find a way to haul the water.

MARICOPA AREA

NOW Technology will deliver water too you for \$75.00 per 1,000 gallons
There was one other company that would deliver for \$150.00 per 1,000 gallons
(Mr. Rios could not find the name of the above company at
the time he gave this information to me)

To the best of my knowledge and belief the expenses of American Realty & Mortgage Co., Inc. have always far out weighed the revenue that they have brought in. And that the water system is very old and is in dire need of repair and replacement. There also is a very strong feeling that with this continued heat and drought conditions and with now only having one (1) well to supply water this summer that one (1) well will not be able to handle the demand that will be made and with no funds available to pay to have any water hauled in nor to purchase bottled drinking water the customers will be out of water very soon.

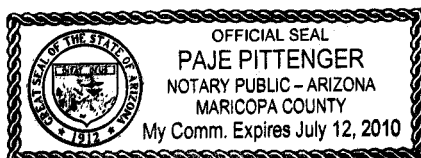
Dated this 6th day of July, 2007.

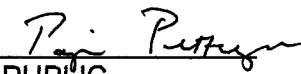

Vicky Antrim

This Instrument was sworn to under oath before me in person this 6th day of July, 2007 by Vicky Antrim.

My commission Expires:

July 12, 2010




NOTARY PUBLIC